

Fiscal Note

Fiscal Services Division



HF 2275 – Medical Assistance Asset Verification (LSB 5677HV)
Analyst: Jess Benson (Phone: (515-281-4611) (jess.benson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2275 directs the Department of Human Services (DHS) to contract with a third-party vendor to implement a computerized asset, income, and identity eligibility verification system. The vendor's system will contact financial institutions in the State and nationally to verify income for individuals who apply for Medicaid based on the applicant's age, blindness, or disability. Electronic asset verification is required by the federal Affordable Care Act.

Assumptions

Based on prior research done by the DHS on contracting for an asset verification system it is assumed:

- There is a one-time vendor development cost of \$375,000 and annual ongoing operational costs of \$350,000.
- There is a one-time implementation cost of \$100,000 for the DHS to connect the two systems.
- There will be a \$4.50 cost per verification and an estimated 118,000 verifications will be performed in FY 2015 and 120,000 in FY 2016.
- The Federal Medical Assistance Percentage Match (FMAP) rate for this type of technology project is 50.0%.

The implementation of an automated asset verification system is likely to generate savings due to the denial of Medicaid coverage to individuals that exceed the asset limits.

- The annual Medicaid cost for the Supplemental Security Income (SSI) related population is \$22,000 and based on these costs an additional 46 individuals will be denied in FY 2016 to recoup ongoing operations costs.
- No savings are estimated in FY 2015 due to the up-front investment and the time necessary to implement the system.
- The regular Medicaid FMAP rate is 56.14% in FY 2015 and 55.14% in FY 2016.

Fiscal Impact

House File 2275 is estimated to cost the General Fund \$686,000 in FY 2015 and be budget neutral in FY 2016. Additional savings in excess of the ongoing operational costs may be realized in FY 2016 and beyond but it is difficult to estimate the number of denials due to excess income and the level of cooperation from financial institutions.

Source:

Department of Human Services

/s/ Holly M. Lyons

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